



**Los Angeles County
Board of Supervisors**

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Mitchell H. Katz, M.D.
Director

Hal F. Yee, Jr., M.D., Ph.D.
Chief Medical Officer

Christina R. Ghaly, M.D.
Deputy Director, Strategic Planning

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.dhs.lacounty.gov

*To ensure access to high-quality,
patient-centered, cost-effective
healthcare to Los Angeles County
residents through direct services at
DHS facilities and through
collaboration with community and
university partners.*



www.dhs.lacounty.gov

December 16, 2014

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at either County facilities and/or at non-County operated facilities under the Trauma Center Service Agreement or Impacted Hospital Program (IHP). The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT THE BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts:

Patients who received medical care at County facilities:

- (1) Account Number OV-UCLA – 10277433 \$6,400
- (2) Account Number RLANRC – Various \$20,000
- (3) Account Number H-UCLA – Various \$24,169


Patients who received medical care at non-County facilities:

- (4) Account Number EMS – 285 \$4,375
- (5) Account Number IHP – 652265 \$8,500

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

20 December 16, 2014


PATRICK O'GAWA
ACTING EXECUTIVE OFFICER

Total All Accounts: \$63,444

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Patients who received medical care at a County facility: The compromise offer of settlement for patient account (1) is recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations. The compromise offers of settlement for patient accounts (2) - (3) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases.

Patients who received medical care at non-County facilities: The compromise offer of settlement for patient accounts (4) - (5) are recommended because the County has agreements with certain non-County medical facilities under which it pays for emergency or trauma care provided to eligible indigent patients at those facilities. These agreements allow the County, after it has made payment for a particular patient, to pursue recovery from third parties who are financially responsible for such care.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness/Fiscal Sustainability, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$63,444.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50 percent of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, the Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

On November 1, 2005, the Board approved a revised ordinance granting the Director authority to reduce, on an account specific basis, the amount of any liability owed to the County which relates to medical care provided by third parties for which the County is contractually obligated to pay, and related to which the County has subrogation or reimbursement rights. The revised ordinance was adopted by the Board on December 8, 2005.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that

contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts. All payments received for the trauma accounts (non-County facilities) will replenish the Los Angeles County Trauma and IHP Funds.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:lg

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: DECEMBER 16, 2014

Total Balance	\$26,152	Account Number	10277433
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$26,152	Date of Service	09/09/2014 - 09/17/2014
Compromise Amount Offered	\$6,400	% Of Charges	24 %
Amount to be Written Off	\$19,752	Facility	OV-UCLA Medical Center

JUSTIFICATION

Patient was treated at OV-UCLA Medical Center and incurred total inpatient gross charges of \$26,152 for medical services rendered. The patient was an out-of-state patient and the above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT**COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES****TRANSMITTAL No. 2
DATE: DECEMBER 16, 2014**

Total Gross Charges	\$91,662	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$91,662	Date of Service	Various
Compromise Amount Offered	\$20,000	% Of Charges	22 %
Amount to be Written Off	\$71,662	Facility	RLANRC

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at RLANRC and incurred total inpatient and outpatient gross charges of \$91,662 for medical services rendered. The patient had ATP and ORSA with no liability and no other coverage was found. The patient's third party liability (TPL) claim settled for \$150,000, the policy limit carried by the party responsible at the time of the accident, and the attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees *	\$60,000	\$60,000	40 %
Lawyer's Cost	\$6,750	\$6,750	5 %
RLANRC **	\$90,402	\$20,000	13 %
Other Lien Holders **	\$27,062	\$20,671	14 %
Patient	-	\$42,579	28 %
Total	-	\$150,000	100 %

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 27% of the settlement (13% to Los Angeles County and 14% to others). This settlement distribution is consistent with the Hospital Lien Act (California Civil Code Section 3045) which indicates that lien holders are entitled to up to 50% of the settlement after deducting attorney's fees and cost.

This patient is covered by ATP (inpatient) and ORSA (outpatient) and as a condition of the ATP and ORSA agreements; the County may pursue reimbursement from any responsible third party. Based on the information provided, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: DECEMBER 16, 2014

Total Charges	\$398,443	Account Numbers	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$398,443	Dates of Service	Various
Compromise Amount Offered	\$24,169	% of Charges	6%
Amount to be Written Off	\$374,274	Facility	H-UCLA Medical Center

JUSTIFICATION

This patient was treated at H-UCLA Medical Center and incurred total inpatient and outpatient gross charges of \$398,443 for medical services rendered. Patient was denied Medi-Cal and no other coverage was found. The case went to mediation and based on the circumstances, DHS agreed to settle for the amount stated above. This compromise offer represents the highest amount negotiated with the patient during mediation.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: DECEMBER 16, 2014

Total Charges (Providers)	\$218,789	Account Number	EMS 285
Amount Paid to Provider	\$41,569	Service Type / Date of Service	Inpatient Services 10/28/2011 - 11/6/2011
Compromise Amount Offered	\$4,375	% of Payment Recovered	11%

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Northridge Hospital and incurred total inpatient gross charges of \$218,789 for medical services rendered. The provider has received payment from the Los Angeles County Trauma Fund in the amount of \$41,569. The patient's third-party claim has been settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement (\$15,000)
Attorney fees	\$5,000	\$3,750	25 %
Lawyer cost	\$23	\$23	1 %
Other Lien Holders *	\$14,316	\$2,951	19 %
Los Angeles County *	\$218,789	\$4,375	29 %
Patient		\$3,901	26 %
Total		\$15,000	100 %

* Lien holders are receiving 48% of the settlement (29% to Los Angeles County and 19% to others).

As stated in the Trauma Center Service Agreement, reimbursement to providers is for the hospital component of trauma services provided to eligible indigent patients.

Proposed settlement reimburses the Trauma Fund 11% (\$4,375) of amount paid to Northridge Hospital.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: DECEMBER 16, 2014

Total Charges (Providers)	\$107,012	Account Number	652265 (Impacted Hospital Program)
Amount Paid to Provider	\$13,667	Service Type / Date of Service	Inpatient 05/07/2013 - 05/17/2013
Compromise Amount Offered	\$8,500	% of Payment Recovered	62 %

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at St. Francis Medical Center and incurred total gross charges of \$107,012 for medical services rendered. The provider has received payment from the Los Angeles County Impacted Hospital Program (IHP) in the amount of \$13,667. The patient's third-party claim has been settled for \$40,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's fees	\$13,333	\$13,693	34 %
Los Angeles County *	\$107,012	\$8,500	21 %
Other lien holders *	\$1,533	\$1,533	4 %
Patient **	-	\$16,274	41 %
Total	-	\$40,000	100 %

* Lien holders are receiving 25% of the settlement (21% to Los Angeles County and 4% to others).

** Patient sustained severe injuries and will received 41% of the settlement for ongoing medical treatment.

As stated in the IHP agreement, reimbursement to providers is for Emergency Room (ER) and Inpatient Services provided to eligible indigent patients.

Proposed settlement reimburses the IHP fund 62% (\$8,500) of amount paid to St. Francis Medical Center (\$13,667).